



No-Load Mutual Fund Selections & Timing Newsletter

Striving to provide you with the most return and the least risk.

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Top 5% Funds By C

C measures the risk (V) adjusted relative performance between fund and market (CS).

Fund	Symbol	Style	C
Investec China HK	ICHKX	EWR	49.3
Matthews China	MCHFV	EWR	46.3
Fidelity Southeast Asia	FSEAX	EWR	41.6
US Gbl Invstrs China Rgn	USCOX	EWR	40.4
Price New Asia	PRASX	EWR	37.3
CGM Focus	CGMFX	EA	36.3
SIT Dvlpng Mrkts Grth	SDMGX	EWR	34.3
Legg Mason Emrg Mkt	LMEMX	EW	33.7
SSgA Emrg Mkt	SSEM X	EWR	32.9
AmCent Hertz Investors	TWHIX	EMC	32.4
Gabelli Mathers Fund	MATR X	HGI	32.0
AmCent Vista Investors	TWCVX	ESC	31.6
Janus Orion	JORN X	EMC	30.6
Hussman Strtg Grth	HSGFX	EMC	30.0
ABN AMRO Mntg Balncd	MOBAX	HB	30.0
AmCent Emrg Mkt	TWMIX	EW	29.4
Caldwell & Oakin Mkt Oprtrnty	COAGX	EA	29.2
The Arbitrage	ARBF X	EC	29.1
Fidelity Emrg Mkt	FEMKX	EW	28.8
Price Emrg Mkt Stk	PRMSX	EW	28.7
SIT Small Cap Grth	SSMGX	ESC	28.6
Chase Grth	CHASX	ELC	28.3
ABN AMRO Mntg Grth	MCGFX	ELC	28.3
Spectra N	SPECX	ELC	27.4
AmCent Veedot	AMVIX	ESC	26.8
Janus Twenty	JAVLX	EMC	26.7
Driehaus Intl Dis	DRIDX	EW	26.6
TIAA-CREF Intl Eqty	TIINX	EW	26.4
AmCent New Opp II	ANOIX	ESC	26.3
SIT Mid Cap	NBNGX	EMC	26.2
UMB Scout Worldwide	UMBWX	EW	26.2
Westcore Select	WTSLX	EMC	26.1
TIAA-CREF Mgd Allctn	TIMAX	HA	26.1
x	x	x	x
Legg Mason High Yield	LMHYX	BH	18.7
TIAA-CREF HiYld	TCHYX	BH	15.5
Amrcn Bcn Intm Bond	AAPAX	BI	0.8
TIAA-CREF Bond PI	TIPBX	BF	0.7
Vanguard IT Trsry	VFITX	BI	-0.7
Dreyfus US Long	DRGBX	BL	-1.5
Price US Treasury Intermediate	PRTIX	BI	-1.5

Fall Back

Corrections or bear markets caused by liquidity issues, which is really to say the lack of liquidity, are the sharpest, scariest, quickest plunges there are in the investment world. The good news is, assuming business fundamentals do not change as a result of the liquidity crisis, is once the plunge hits bottom, the trend in place before the tumble reasserts itself.

In 1998, another liquidity crisis was associated with the fallout over Long-Term Capital Management (LTCM). It was lots of smart folks leveraging \$5 billion of equity into \$100 billion to take advantage of market mispricings, of picking up pennies in front of a steam roller as one person put it, until the ignored outliers in their backtested bell curve data came to pass in real time. Risk was repriced, prices collapsed, buyers disappeared, no one wanted what seemed to be going to zero.

Berkshire Hathaway stepped up to the plate back then, although its offer was rejected, but in the current debacle, he hasn't surfaced yet. The problem may be that he is not quite sure where the actual plate or problem is.

That's the rub and relates to

the fundamental impact question. Is the problem so widespread and infectious that there is no point at which someone might effectively intervene? Should the lender of last resort, the government, bail out all the homeowners whose loans are resetting at higher rates? Should the government simply buy out the alphabet soup of housing related securities like CMO's? There is no equity and payments are not made. Many bought with zero down and unverified income statements. At LTCM the ones who bailed them out actually made a tiny profit after the markets returned to "normal". It will not be so this time around.

It was leverage in the Thirties, leverage with LTCM, and leverage now that caused the problems. The government will probably do something again. But what happens when markets get so leveraged, there is no last resort entity big enough to handle it?

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AROUND THE CAMPFIRE

It's the best of times and the worst of times. Branches on my pecan tree are splintering under the weight of so many pecans. The tree is loaded. Take heart all you pecan pie lovers. After a harvest, if you can call it that, of precisely zero pecans last year (it was all pumpkin pie at Thanksgiving then), but this year is going to be a bumper crop. Marvelous.

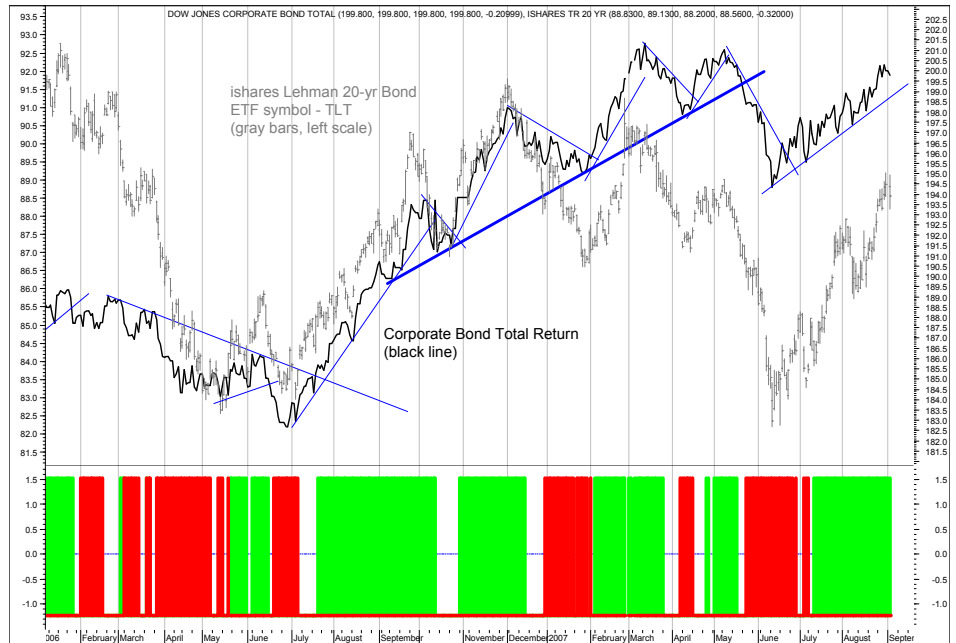
Interest Rates and Bond Prices

The SLM Bond Market Timing Model remains bullish.

The economy is slowly sinking from the fallout from the housing market debt implosion.

Basically, lenders were lending to anyone, whether they could prove their income or their ability to repay the loan. Everyone was thinking that the price appreciation would be enough to eventually bail them out of the negative cash flow. Like in the mid Eighties, it was a recipe for disaster.

Reports are that the majority of resets will not peak until the first or second quarter of next year. Things may remain weak until then, which means bond yields should steadily decline and bond prices go up.



The SLM Bond Market Timing Model shown on bottom part of chart above is an intermediate to long-term (months to years) forecasting tool of the direction of bond prices and yields, which move inversely. If you see this as a PDF file off the internet, the green bars are buy/hold, the red bars are sell/avoid signals. White spaces indicate that the previous signal is still in effect. If you see this as a printed version, the dark bars indicate red, the lighter bars indicate green.

MAAP Income Portfolio

Buy on 9/14 TIPBX (TIAA_CREF BOND) \$50,000.

MONTHLY ACTIVITY

MONTH ENDING:

8/31/2007

MONTH END VALUATIONS

INCOME, selected & timed, style and asset allocated (bond, balanced, cash)

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Fund Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
8-Aug	buy	Prudent Gbl Incm	12.89	3,878.9760	50,000	PSAFX	Bond Wrld	Prudent Gbl Incm	12.74	3,878.9760	49,418	23%
							MM	Money Market	100	163,332.0000	163,332	77%
							MM	Margin Loan	-100	-	-	0%
Total Valuation=											212,750	100%

MAAP Growth and Balanced Portfolios

MONTHLY ACTIVITY

MONTH ENDING: 8/31/2007

MONTH END VALUATIONS

AGGRESSIVE GROWTH, selected & timed, style allocated (stock, balanced, cash)

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Name	Ending NAV	Number of Shares	Current Value	Percent of Total
				-	-							0%
				-	-	MIDSX	Gold	Midas	4.38	6,246.9607	27,362	7%
						TWEIX	Eqty G/I	AmCent Eqty Incm	8.84	3,775.7437	33,378	9%
						SPECX	Eqty LrgCap	Spectra N	10.50	1,646.0905	17,284	4%
						OAKGX	Eqty Wrld	Oakmark Global	27.35	12,172.630	33,292	9%
						RYURX	Contrary	Rydex Ursa	37.28	1,701,273.9	63,423	16%
							MM	Money Market	100	24,230.0000	24,230	55%
Total Valuation=											\$388,969	100%

GROWTH, selected & timed, style & asset allocated (stock, balanced, cash)

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
				-	-							
				-	-	MIDSX	Gold	Midas	4.38	3,759.3985	16,466	3%
						TWEIX	Eqty G/I	AmCent Eqty Incm	8.84	3,775.7437	33,378	5%
						SPECX	Eqty LrgCap	Spectra N	10.50	1,234.5679	12,963	2%
						OAKGX	Eqty Wrld	Oakmark Global	27.35	12,172.630	33,292	5%
						RYURX	EqtyContry	Rydex Ursa	37.28	1,169.2560	43,590	7%
							MM	Money Market	100	511,022.0000	511,022	79%
Total Valuation=											\$650,711	100%

BALANCED, selected & timed, style & asset allocated (stock, balanced, bond, cash)

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
				-	-							
				-	-	MIDSX	Gold	Midas	4.38	3,759.3985	16,466	3%
						TWEIX	Eqty G/I	AmCent Eqty Incm	8.84	3,775.7437	33,378	6%
						SPECX	Eqty LrgCap	Spectra N	10.50	1,234.5679	12,963	2%
						OAKGX	Eqty Wrld	Oakmark Global	27.35	12,172.630	33,292	6%
							MM	Money Market	100	473,209.0000	473,209	83%
Total Valuation=											\$569,308	100%

Expecting September to continue in its historically weak pattern, I'll wait to buy for now.

All MAAP portfolio performances include a separate annual 2% management fee expense (the fee we would charge to manage it). All dividends are reinvested.

Market Timing and Asset Allocation

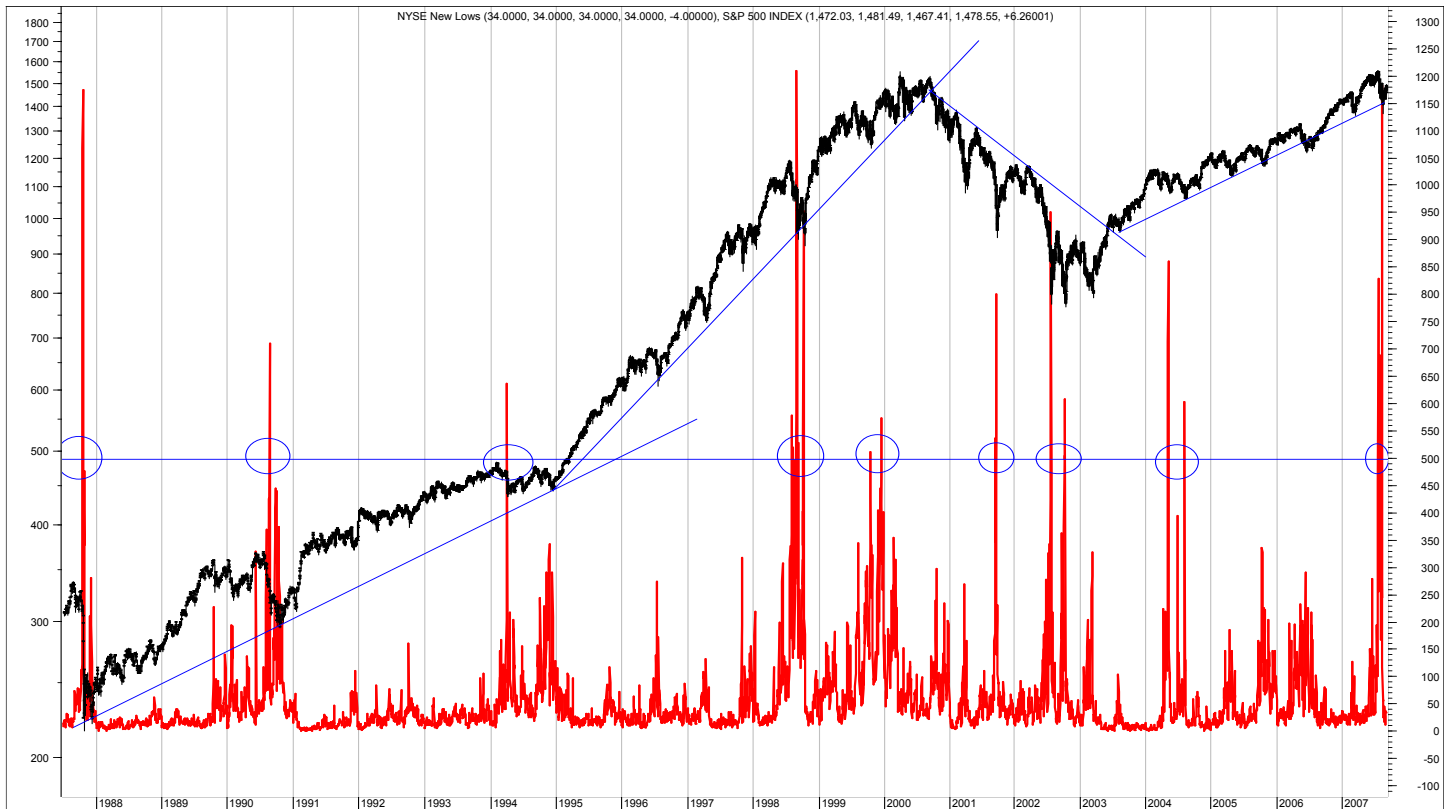
S&P 500 and NYSE Number of New Lows

The semi-log chart below shows the S&P 500 and NYSE number of new lows over the last 20 years.

As you can see, whenever the number of new lows exceeded 500 (the horizontal line), the market

nearly always was higher over the next six to 12 months.

The current sell off is the ninth cluster in the last 20 years. It should prove to unfold in the same manner, moving higher after a retest of the recent lows.



TIMING POSITIONS

STOCKS: Neutral. **GOLD:** Neutral. **BONDS:** Bullish.

STOCK MARKET COMMENTS

- US Gov. fiscal policy, neutral.
- Corporate activity (buy backs, mergers), bullish (supportive).
- Economy, neutral to bearish (surprisingly weak job report).
- Inflation, neutral (below Fed range).
- Oil prices, neutral (should decline into winter).
- Housing, bearish.
- Investor sentiment, neutral to bullish (too many bears).
- Federal Reserve policy, neutral (no bias either way).
- Market valuation (PE, yield, book), neutral.
- Terrorism risk, neutral.
- Hedge fund risk, bearish (leverage problem).

With the market decline into oversold territory, sentiment and valuations have improved (turned to neutral to bullish).

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 8/31/07					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2006	2005	2004	2003	2002	2001
DJ Wilshire 5000	13.67	5.18	4.04	-3.97	1.12	2.0	14847.70	-	13.72	8.24	10.85	29.44	-22.08	-12.06
Dow Jones Industrials	17.37	9.29	8.88	-1.98	1.10	2.0	13357.70	-	16.29	-0.61	3.15	25.32	-16.76	-7.10
Standard & Pooers 500	13.05	5.24	4.77	-3.70	1.29	2.0	1473.99	-	13.62	3.00	8.99	26.38	-23.37	-13.04
Russell 2000	10.04	0.86	-0.06	-6.41	2.16	2.4	792.86	-	17.00	3.32	17.00	45.37	-2158	103
Dow Jones World Index	16.66	8.53	5.59	-3.09	-0.79	1.7	295.09	-	18.52	9.41	14.43	33.42	-20.73	-16.58
Gold/Sliver Index (XAU)	-4.06	-5.70	0.79	0.72	-5.34	4.1	140.77	-	11.11	28.87	4.65	19.89	25.57	128
Dow Jones Ttl Bond	4.95	1.17	0.20	0.83	1.13	1.0	200.01	-	3.70	1.40	3.99	2.20	11.96	6.77
Small Cap	15.36	6.36	4.23	-3.98	0.68	2.4	Columns 2 through 6 are the average returns and Column 7 is the average V (Volatility) for all funds in each fund style. Usually, the larger the V, the greater the risk.		7.20	2.63	11.74	39.43	-2196	-6.21
Mid Cap	19.13	9.57	7.04	-2.51	0.77	2.3			6.79	8.38	12.96	33.65	-2189	-1103
Large Cap	15.49	7.62	6.40	-2.03	1.26	2.1			6.11	5.75	13.34	27.54	-2175	-13.19
Value	13.39	5.08	2.96	-5.23	0.16	2.2			10.08	3.66	11.26	27.18	-15.61	2.30
Contrary	-1.03	2.17	0.52	1.09	-1.27	2.0			-1.99	5.78	3.11	0.47	9.99	2.83
World Growth	-1.42	1.97	0.39	1.09	-1.44	2.1	For more information about these model portfolios, please see pages five and six.		x	13.07	17.11	34.67	-15.76	-19.89
Growth/Income	14.47	6.66	5.05	-3.32	0.68	2.0			9.82	4.23	10.24	23.46	-18.22	-7.76
Bond Long	4.19	-0.43	-0.69	1.33	1.00	1.7			2.75	10.32	8.43	8.64	6.73	2.45
Bond High Yield	24.33	20.18	-0.81	-3.23	0.74	2.3			8.84	5.76	6.63	16.24	-7.55	-4.73
Bond World	4.01	1.05	0.66	-0.02	0.16	1.1			5.65	7.40	9.07	11.56	10.56	1.48
MAAP Aggrsv Grth	3.92	1.07	0.53	-0.28	0.12	1.0			9.95	7.20	0.57	15.03	-4.93	1.42
MAAP Growth	3.44	2.06	1.27	0.47	-0.06	0.3			5.66	3.50	1.53	11.56	-1.22	0.75
MAAP Balanced	5.91	3.85	1.29	0.27	-0.35	0.5			7.59	2.01	5.88	12.57	0.09	-0.56
MAAP Income	3.46	3.34	1.92	0.94	0.25	0.3			2.80	-1.86	1.90	7.05	1.75	4.59

Funds and MAAP portfolio data include dividend reinvestment and fees (2% annual for MAAP). Market data does not include dividends, except for T-Bond Index.

Managed Asset Allocation Program (MAAP)

Fund Selection. We conduct a three-step selection process on more than 900 funds. Firstly, we separate funds into their primary investment style, Equity, Bond, Hybrid, and then subdivide into small, large, value, etc.. Secondly, we rank the funds by recent performance relative to their peer group (CS). Thirdly, we consider their historical risk, as measured by their volatility (V).

Portfolio Allocation. We follow a straightforward approach to allocation: Overweight the portfolio to the investment style that is performing the strongest out of the three (stocks, bonds, cash) major asset classes.

Diversification. We diversify by fund company, investment style, and asset class. The funds themselves normally reduce specific company risk, so that the main investment risks are the market and then the industry.

MAAP. Our Managed Asset Allocation Program brings our proprietary fund selection and market timing models together. We EVOLVE, buying from the top 5%, holding as long as the fund is in the top 20%. If it drops below 4 comets, we evolve, selling that fund and buying from the top 5% again. We overlay market timing on this fund selection evolution. The results are five portfolios shown on pages 5 and 6. See Scoreboard above for comparative performances.

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SAMPLE FUND EVOLUTION SELECTING AND TIMING

This is to show a sample evolution of the newly combined fund selecting and fund timing strategies working together. It is not indicative of actual results or picks. The funds were chosen because they show the strategies in action.

The selecting strategy is to buy from the top 5% and hold as long as the fund remains in the top 20% (5% and next 15%) of the funds we track. The timing strategy shows precise buy and sell points based only on the fund. The green is hold, the red is sell/avoid. The green spike is buy. No color indicates that the previous signal is still in effect.

I pick up the process with the first valid buy signal in September, 2004. The fund selecting model showed MNEFX in the top 5% at the time. The timing model also gave a buy signal, as shown by the dark green spike, the inverted V on the top chart.

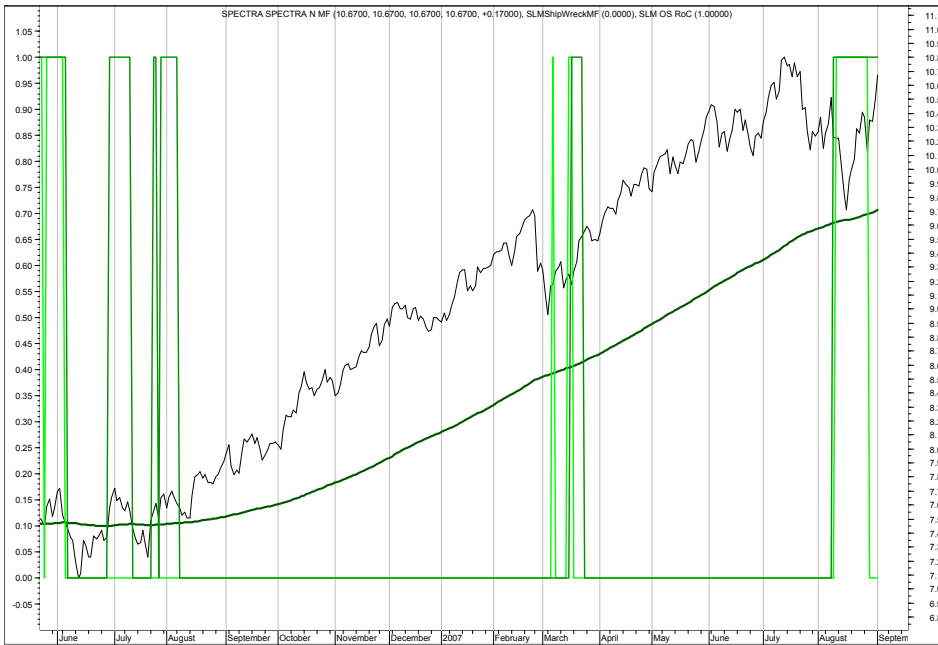
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

The second chart shows its replacement. There was a buy spike and the fund was in the top 5%. Three months later it dropped out of the top 20% and was sold.

The third chart shows the replacement fund for the reinvestment. It was selected because it was in the top 5% and there was a timing model buy signal. The fund is still in the top 5%.

The end result is a gain of about 37% over the last 13 months. The Wilshire 5000 was up roughly 15% over the same period.





These funds are currently in the top 5%. The 200-day moving average is the solid trending dark line. The green spikes are buy signals (assuming the fund is within the top 5% at the time of the signal).

The top chart is SPECX, Spectra Growth Fund.

The middle chart is FCVSX, Fidelity Convertible Fund.

The bottom chart is JAVSX, Janus 20 Fund.

